

TENNESSEE REGULATORY AUTHORITY



Pat Miller, Chairman
Deborah Taylor Tate, Director
Sara Kyle, Director
Ron Jones, Director

460 James Robertson Parkway
Nashville, Tennessee 37243-0505

October 27, 2004

Mr. Donald L. Scholes, Counsel for Lynwood Utility Corporation
Branstetter, Kilgore, Stranch & Jennings
227 Second Avenue, North
Fourth Floor
Nashville, Tennessee 37201-1631

Re: Petition of Lynwood Utility Corporation for Approval of Transfer and Control Nunc Pro
Tunc. Docket No. 04-00360

Dear Mr. Scholes,

The Tennessee Regulatory Authority has received the petition from Lynwood Utility Corporation requesting approval of the transfer of control and authority to Tyler and John Ring. The Advisory Staff requires additional information in order to consider this petition. Your timely response to this request will enable us to process this petition more expeditiously. Please refer in your responses to this request as Data Request No. 1 and respond by November 5, 2004 if possible. Provide answers to following questions:

1. Confirm that Lynwood wishes to continue providing service under the current name and CCN for the foreseeable future.
2. In Lynwood's petition, it states that the new shareholders have invested \$980,000 in plant improvements in order to meet NPDES standards as a result of a suit brought by the Tennessee Department of Environment and Conservation. How was the investment recorded on the balance sheet of Lynwood? If it was recorded as a liability, please list terms, interest rates, and provide a copy of the loan agreement.
3. Are Lynwood's owners aware that under T.C.A. § 65-4-109, the Authority must approve of any debt issuance by a public utility? That rule states:

65-4-109. Issuance of stocks or other evidences of indebtedness.

No public utility shall issue any stocks, stock certificates, bonds, debentures, or other evidences of indebtedness payable in more than one (1) year from the date thereof, until it shall have first obtained authority from the authority for such proposed issue. It shall be the duty of the authority after hearing to approve any such proposed issue maturing

more than one (1) year from the date thereof upon being satisfied that the proposed issue, sale and delivery is to be made in accordance with law and the purpose of such be approved by the authority.

4. Provide a copy of Lynwood's financial statements before the transaction and after the transaction with the infusion of the new plant upgrades.
5. Provide evidence of the dismissal of TDEC's suit.
6. Confirm that customer rates/tariffs and terms of operations have not changed since the transaction and any plans that may involve rate increases and/or operational changes for the customers.
7. Has the Secretary of State been notified of the change of ownership?

Complete your responses and send five copies to:

Ms. Sharla Dillon, Docket Room Manager
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

Thank you for your time and attention to this matter. If you have any further questions or comments, please contact David McClanahan at 741-2904, ext. 177.

Sincerely,



Aster Adams, Chief
Competitive Markets & Policy Division